



# Iowa Department of Human Services

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## INFORMATIONAL LETTER NO.1576

**DATE:** November 18, 2015

**TO:** Iowa Medicaid Home Health Agencies/Home Health Services Program

**FROM:** Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

**RE:** Low Utilization Payment Adjustment (LUPA) Reimbursement Methodology

**EFFECTIVE:** July 1, 2015

### Legislative Directive

Pursuant to recent Iowa Legislative action (Iowa Code Section 249A.4, and 2013 Iowa Acts, Senate File 505, section 29f), the LUPA reimbursement rates shall be updated (i.e. rebased) effective July 1, 2015. The services of the Home Health Services program that will be reimbursed by the LUPA wage index adjusted rate methodology include: Skilled Nursing, Home Health Aide, Physical Therapy, Occupational Therapy, Speech Therapy; and Medical Social Services.

### LUPA Reimbursement Methodology

The LUPA rates are national rates calculated by the Centers for Medicare and Medicaid Services (CMS) on an annual basis. The LUPA rates reimburse per visit for each service discipline and include each of the six service disciplines listed in the previous section.

### LUPA Rates

Please note that the state is divided into eleven CMS geographical areas. Identify the geographical area in which your home health agency is located. This is the basis for your LUPA reimbursement. The basis of the LUPA reimbursement is **not** the residence of any specific member that you may be serving.

The attached chart identifies the LUPA rates by CMS geographical area for which you will be reimbursed beginning July 1, 2015. The IME has submitted the State Plan Amendment (SPA) to CMS and is awaiting approval. Upon notification from CMS that the SPA has been approved, the LUPA rates will be updated in the Medicaid Management Information System (MMIS). A mass adjustment will be completed for Iowa Medicaid fee-for-service (FFS) claims submitted with dates on service on or after July 1, 2015. At that time, your remittance advice will include the adjusted claims detail.

### LUPA Rate Adjustments

The LUPA base rates and the Medicare wage index shall be updated every two years to match the current CMS LUPA rates.

The LUPA rates in effect on July 1, 2015 shall apply to dates of service July 1, 2015 through June 30, 2017.

### **Managed Care Organization Rate Floor for Iowa Health Link**

On January 1, 2016, most Iowa Medicaid members will be enrolled in a single managed care program. This new approach for the Medicaid program was previously referred to as Medicaid Modernization or through the formal Request for Proposal (RFP) name of the Iowa High Quality Healthcare Initiative. The program will now be branded as **IA Health Link**. Most of Iowa Medicaid's 550,000 members as well as CHIP, *hawk-i* and Iowa Health and Wellness Plan members will be enrolled in the IA Health Link program with one of the contracted MCOs (currently four MCOs).

Under IA Health Link, providers will establish negotiated reimbursement rates with the MCOs. As part of this transition, DHS is establishing a reimbursement rate floor for most provider types. In creating a rate floor, DHS considered the following:

- MCOs must extend an offer to providers at the defined provider rate floor, however, plans and providers can mutually agree to reimbursement or a structure other than the floor.
- How best to provide stability for members and providers yet enable the MCOs to manage their provider networks.
- Impact on MCO capitation rates which were based on historical Medicaid paid claims data and adjustments.
- How the numerous current Medicaid reimbursement methodologies work today and will work in the future with the move to a comprehensive managed care environment.
- MCO network adequacy requirements across geographical and service types.

Informational Letter [1562](#)<sup>1</sup> summarized the rate floor by provider type. For Home Health Agency/Home Health Services, the rate floor will be equal to the Medicaid FFS rate in effect on July 1, 2015, per geographic area including the rebase.

If you have questions, please contact the IME Provider Services Unit at 1-800-338-7909 or email at [imeproviderservices@dhs.state.ia.us](mailto:imeproviderservices@dhs.state.ia.us).

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<sup>1</sup> [https://dhs.iowa.gov/sites/default/files/1562\\_ManagedCareOrganizationProviderReimbursementRateFloors.pdf](https://dhs.iowa.gov/sites/default/files/1562_ManagedCareOrganizationProviderReimbursementRateFloors.pdf)